

## NEW SOUTH WALES.

## BUSINESS STATISTICS - 15th July, 1940.

The seasonal outlook has deteriorated and rain is needed urgently. Internal business and financial conditions remain favourable. Fixation of minimum bond prices did not reflect imminent undue weakness though ordinary share prices fell gradually and substantially. Exports remain high and imports have moderated. Building returns show no clear trend but the bias is toward residential buildings.

C O N T E N T S.

- I Season: June rains fail. Rain needed urgently.
- Export Prices and External Trade Conditions: Increased marketing difficulties. Export prices steady. Industrial and financial conditions in U.K. - Savings and control of consumption. U.S.A. rearmament programme.
- Currency Relationships: Sterling in the open market. U.S.A. and U.K. Treasury officials to confer.
- Wool: Sales in Sydney and Australia, 1939-40. Wool arrivals in Sydney, 1939-40. Appraisement conditions for 1940-41. Conditions in U.K. and U.S.A.
- Wheat: Chicago futures lower. Higher harvest estimate for U.S.A. Position of Australian disposals. Local prices unchanged.
- Butter: Production in N.S.W. factories, May and July-May, 1940. Intra-State Quota, July, 1940. Pay to North Coast June, 1940. Rationing of margarine in U.K.
- Metals: Tin quota raised to 130% for 1940-41. Export parity prices of Australian metals, May, 1940.
- II Bank Clearings - Sydney: June and Jan.-June, 1940.
- Stock Exchange - Sydney: June, 1940.
- Real Estate - N.S.W. Sales and Mortgages: June and Jan.-June, 1940.
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- Coal, N.S.W. - Employment and Movement by Rail: May and Jan.-May, 1940.
- Iron & Steel. - Production in N.S.W: May, 1940.
- Railways, N.S.W. - Operating Results: May and July-May, 1940.
- Trams and Buses: Operating Results: May and July-May, 1940.

## PART I PRIMARY AND EXPORT INDUSTRIES.

SEASON. Rainfall in June was below average all over the State and satisfactory only on the Far North Coast. The western division and western plains and Riverina were almost rainless and in more easterly parts light falls gave temporary benefit only. During the past fortnight scattered useful showers have not relieved anxiety regarding the season. Wheat crops are critically in need of rain. Pastures generally are failing and hand feeding has become necessary in some districts. If rain falls before the spring there should be no great mortality of stock. Autumn lambing was satisfactory. The rice harvest (34,000 tons) was the smallest for a number of years and 17,000 tons less than in 1939.

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS.

Due to the loss of Continental markets and the increased danger to British shipping the outlook for successful shipment of Australian primary products is regarded as very uncertain. The British Government is purchasing all wool, sugar, eggs and dried fruits available for export and is expected to take all meat and dairy produce that can be shipped. No revision of prices of meat, butter or cheese is being sought, but some increase in prices of base metals supplied to Britain may be arranged. Great difficulty seems likely to be experienced in moving the wheat surplus. The problem of adapting agriculture to the changes in conditions and to the satisfaction of war needs is engaging the attention of the Australian Agricultural Council, which will meet again on August 12.

Australian export prices in Australian currency are steady and the index number (Commonwealth Bank) is 81.8 (average 1927 = 100) compared with 66.7 a year ago. Index numbers for recent years were:-

	<u>Av. 1931-33.</u>	<u>1936.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>June, 1940.</u>
Index No.	56.6	76.3	91.8	82.3	66.5	81.8

Britain's unemployed are being absorbed rapidly into war industries. In June unemployment decreased 114,000, despite the effects on tourist trade of defence measures in coastal districts. In June, 1939 the unemployed numbered 1,350,000 and in June, 1940, 767,000. The British Government is spending about £stg.9.5 million a day. The campaign for war savings has been intensified. War bonds (2½% for 7 years) were on issue from June 23, and £240 m. has been raised by sales of these and of war savings certificates. Heavy increases in taxation are forecasted but the Purchase Tax is expected to be dropped.

Particulars of the floating debt are now suppressed. The Treasury is utilising surplus bank deposits (which are at a record level) by arrangement with the banks. These steps are being criticised as a possible instrument of pure inflation.

Wholesale food prices rose sharply in the latter half of June, and the "Economist" complete index rose to the 1927 average compared with 69 per cent. of that average in August, 1939, and 93.7% on May 1, 1940. Increased food rationing is partly a security measure, partly to reduce consumption to relieve shipping and increase resources for war purposes, and only in rare instances due to reduced supplies. As a whole, food stocks are the largest in British history.

Stock markets in London and New York were fairly steady over the past fortnight. In New York the huge re-armament appropriations (£A1,250 m. for navy and £A1,562 m. for army) failed to stimulate the market in which trading has been very light. Certain U.S.A. products (aluminium, machine tools, etc.) may not be exported except under license.



## PART I (Continued)

CURRENCY  
RELATIONSHIPS.

Quotation in New York of a rate of exchange, dollars for French francs, has not been resumed.

In the open market in New York, the highest rate for many months of dollars for sterling (\$3.95 to £stg.) was recorded on June 27 but since then the rate has tended generally to ease, and there may be little significance in a slight firming in quotations toward the end of last week.

On July 12 the British Official Wireless reported that at the invitation of Mr. Morgenthau, Sir F. Phillips (Under Secretary of the British Treasury) was to visit Washington shortly to discuss technical and other questions affecting the British and United States currencies.

## RATES OF EXCHANGE - BRITISH AND UNITED STATES CURRENCIES.

	<u>Average,</u> <u>Aug., 1939.</u>	<u>May</u> <u>1940.</u>	<u>June, 1940.</u> <u>20. 27.</u>		<u>July, 1940.</u> <u>11. 13.</u>	
			Dollars to £stg.			
London on						
New York (Official)	4.61	4.03	4.03	4.03	4.03	4.03
New York on						
London (Open Market)	4.61	3.28	3.75	3.95	3.68	3.71

WOOL. Australian appraisements for the season ended June, 1940 averaged 12.4052d. a lb. This was 1.0323d. below the agreed average price (13.4375d. a lb.) giving a total undervaluation of the clip of £4,777,996. The Central Wool Committee has appropriated £102,742 from interest earnings and other moneys, bringing the flat rate equalisation dividend to 8½ per cent. of appraised value. Payment of this, with the 10 per cent. retention money, involving £5,742,044, totalling £10,662,782 will be made to suppliers of participating wools on July 26, 1940.

Including £373,847 for wool sold privately before the outbreak of the war, the return on wool sold in 1939-40 was £65,096,483. With two exceptions (1927-28 and 1936-37 only slightly greater) it was the biggest wool cheque ever received. The record clip, augmented by carry-over wool (115,200 bales) from 1938-39 and the fair average price were factors. Particulars of the quantity and value of wool sold in Sydney and in Australia in certain recent seasons are as follow:-

## WOOL SOLD IN SYDNEY AND PRINCIPAL SELLING CENTRES IN AUSTRALIA.

Season ended 30th June.	Sold in Sydney.		Sold in Australia.	
	Quantity.	Amount Realised.	Quantity.	Amount Realised.
	Bales. (000)	£000	Bales. (000)	£000
1929	1,150	25,113	2,625	56,720
Av. 1931-33	1,162	12,943	2,734	30,659
1936	1,175	20,517	2,792	49,101
1937	1,247	25,980	2,899	60,175
1938	1,095	17,621	2,761	43,516
1939	1,144	15,078	2,930	38,674
1940 /	1,396x	23,728x	3,604x	64,723x

x. Excluding wool sold privately prior to appraisements.

/ Comparison affected by sale of practically all wool in Australia; normally about 10 per cent. of the clip is shipped for sale oversea.

A record quantity of wool was produced in New South Wales in 1939-40. Arrivals of wool in Sydney were 222,181 bales or 20 per cent. greater than in 1938-39.

/Arrivals.....

## ARRIVALS OF WOOL IN SYDNEY.

	<u>1935-36.</u>	<u>1936-37.</u>	<u>1937-38.</u>	<u>1938-39.</u>	<u>1939-40.</u>
Bales (000)	1,117	1,190	1,163	1,073	1,295

The quantity of wool for disposal in 1940-41 is likely to be smaller, due to absence of carry-over wool and probably a smaller clip, than in 1939-40.

Appraisements for 1940-41 will begin on August 19. Five instead of 10 per cent. retention money will be held on appraisal of participating wools. Scoured, slipped or shorn wool from sheepskins will be non-participating and for these wools the full appraised price, which will be the final price, will be paid on appraisal. Local manufacturers will be required to pay, for all wool purchased, appraised prices with an addition of  $7\frac{1}{2}$  per cent. on appraised prices, plus delivery charges. Last season the prices paid by local purchasers (appraised prices plus  $\frac{1}{4}$ d. per lb.) were below the agreed average price.

No change in the average price to be paid by the British Government (13.4375d. a lb.) has been sought.

Due to the closing of principal Continental markets it is unlikely that profits from re-sale of wool outside the United Kingdom will be considerable. United States rearmament may increase American demand for wool, assisting absorption, but not preventing the accumulation of stocks of wool. However, tops in New York are 10 per cent. lower than early this year and only 11 per cent. above quotations of August last. Under these changed circumstances the agreement of the British Government to purchase the entire Australian clip has assumed unexpected significance to Australian growers. Civilian trade in Britain is slow but mills are still busy on Government orders.

WHEAT. Wheat futures quotations in Chicago have sagged and on July 13, for September options were 74 cents a bushel compared with 106 cents a bushel two months earlier. The pegged prices for wheat futures in Winnipeg are unchanged.

The estimate for United States winter wheat was raised another 35 m. bus. to 524 m. bus. and the forecast of July 10, 1940 for spring wheat was 205 m. bus. Instead of being obliged to utilise part of surplus stocks, current production in the United States may provide an export surplus of some 50 m. bus. This, and the poor prospects of disposal of surplus stocks account for the easing of wheat prices in Chicago. Canada holds 281 m. bus. (180 m. bus. more than a year ago). In the year ended June, 1940 the United States exported only 23 m. bus., compared with 84 m. bus. in 1938-39.

In Australia the Wheat Board disclosed on July 14 that 118 m. bus. of the 1939-40 crop had been sold. A further 26 m. bus. is expected to be used locally and for export flour by Nov. 30, leaving about 52 m. bus. still to be marketed. Wheat below f.a.q. standard or affected by weevil is to be released to poultry and pig producers at a reduced price. All 1939-40 wheat delivered to the Board after August 31 will be handled separately and carry dockage charges for such handling. The Board's overdraft will be approximately £15.75 m. after receipt of £1.75 m. as the balance due for the first moiety of the British wheat purchase. The price for the remaining half of that purchase has yet to be arranged.

The local market has remained very quiet. Some small orders for wheat for flour for the Islands and the East have been placed, but generally the flour export trade is dull. The Board's fixed prices are unchanged at (per bushel, f.o.r. Sydney) 4s.3d. for bagged

/wheat.....



## PART I (Continued)

wheat and 4s. for bulk wheat for local flour and small export orders. There has been no change in the local price of flour (£12.10s. a ton, including tax.)

## PRICES OF WHEAT IN NEW SOUTH WALES.

Bulk Wheat.	Season ended Nov.			June.		July
	1931-35.	1937.	1939.	1939.	1940.	13, 1940.
	Shillings and pence per bushel.					
Ex Trucks, Sydney	2 9½	5 3	2 5	2 5½	4 0(b)	4 0(b)
Equivalent, ex farm at country siding(a)	2 2½	4 8	1 9½	1 10	(c)	(c)

(a) Exclusive of bounty. (b) Prices for sale for local consumption.  
(c) The first advance gave farmers about 2s.1d. (net) a bushel.  
A further substantial payment may accrue if the unsold wheat is sold satisfactorily.

BUTTER. Some coastal districts (e.g. the Upper Hunter) are in poor condition, but otherwise dairying conditions are fairly satisfactory. Production is at the winter low level. Absence of autumn rains caused a shrinkage in the quantity of butter made in factories in N.S.W. from 10.46 m. lb. in May 1939 to 7.29 m. lb. in May of this year, but due to heavy production in spring and summer the output for the eleven months ended May (106.93 m.lb.) was slightly greater this season than in 1938-39, though 15.8 m. lb. below the average for that period in the five seasons ended 1935-36.

## PRODUCTION OF BUTTER - NEW SOUTH WALES FACTORIES.

	<u>1935-36.</u>	<u>1936-37.</u>	<u>1937-38.</u>	<u>1938-39.</u>	<u>1939-40.</u>
	Thousands of lbs.				
Month of May -	7,809	7,415	6,693	10,456	7,286
Eleven months ended May -	113,212	99,154	110,658	106,099	106,933

For the month of July, 1940 the proportion of butter made permitted to be sold within the State is 73 per cent. This is the lowest intrastate quota for July (excepting last year) since 1935, and indicates a relatively high level of production for the time of the year in Australia as a whole. Quota comparisons are:-

	<u>1934.</u>	<u>1935.</u>	<u>1936.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>
<u>Intrastate Quota.</u>							
Month of July %	50	85	87½	87	87½	61	73

Suppliers of cream to certain North Coast Factories in June, 1940 are being paid at the rate of 13¼d. per lb. of butter made, compared with 12½d. per lb. in June, 1939. The rate of payment in recent months compares favourably with that in earlier years, and it is expected that deferred pay for the six months ended June will be greater this year than usual.

## PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	Jan.	Feb.	Mar.	Apr.	May.	June.	Deferred Pay. Jan.-June.
	Pence per lb. of butter made.						
1934	6½	6¾	7	8	9¼	9¼	1½
1937	10	10	11	11½	12¼	12½	1
1938 /	10¾	11¼	12¼	13	13½	14½	1½
1939 /	12¼	12½	12½	12¼	12	12½	1.06
1940 /	12½	12½	12½	12¾	13	13¼	

/ Cartage charges paid by factories (about ⅜d. a lb.)

/Under.....

# PART I (Continued)

Under new rationing arrangements in the United Kingdom operating from July 22 the weekly allowance per person is to be 6 oz. of butter (present ration 4 oz.) or of margarine (at present not rationed), and two oz. of animal lard. This may assist in checking the displacement of butter in British consumption which has developed during the war period.

The British contract for the purchase of Australian butter and cheese expired on June 30, and terms and conditions for 1940-41 disposals to Britain have not yet been announced. The local wholesale price of butter is 158s.8d. a cwt. It is believed that Britain will continue to buy at the price fixed for last season's supplies.

## PRICES OF BUTTER - EXPORT AND LOCAL.

	Average - Seasons ended June.				Month of June.	
	1929-32.	1933-36.	1937-39.	1939.	1939.	1940.
	Shillings (Australian) per cwt.					
Export Parity	135	88	122	123	126	137(a)
Local Sales	173	134	150	159	159	159

(a) Agreed price for British purchase, 1939-40.

METALS. There has been no change in the prices fixed for the British Ministry of Supply for lead (£25), spelter (£25 15s.) and electrolytic copper (£62) - per ton (sterling prices) delivered to buyer, duty paid.

The International Tin Committee has increased the tin export quota from 100 per cent. to 130 per cent. of standard tonnages for the next twelve months. Hitherto the quota has been fixed for quarterly periods only. As a result tin producers may work to their full capacity. The action has been taken anticipating heavy demands from the United States owing to the needs of war industries. A United States Government organisation is to purchase tin through normal trade channels as rapidly as it is available at the fixed price of 50 cents (29d.stg.) a lb. (£stg.271 a ton). This will earn considerable dollar exchange for Allied war purchases. In the open market in London the price of tin was steadily maintained at approximately £stg.265 per ton during the past fortnight and showed no reaction to the new quota decision.

Both tin and silver failed to maintain the higher prices of the middle of last month, but ruling prices are well above the average for earlier months of the year.

Particulars of the export parities of prices received in overseas markets for certain Australian metals in May, 1940 are appended. Disposal of lead, zinc and copper to the British Ministry of Supply at contract prices renders prices for these metals subject to little variation while prices received for silver and tin reflect changes in value in the open market in London.



## PART I (Continued)

AVERAGE PRICE OF METALS (EXPORT PARITY, f.o.b.) - AUSTRALIA.

	Silver (Standard) oz.	Lead. (Electro- lytic.) ton	Zinc. (Electro- lytic.) ton.	Tin (Standard) ton.	Copper. (Electrolytic wire bars) ton.
	s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average, 1928	2 2.8	19 11 7	26 5 8	219 7 5	68 6 2
1937	2 1.0	27 9 3	29 1 6	292 16 5	73 10 8
1938	2 0.1	17 12 11	19 12 10	228 11 10	55 15 2
" July, 1939	1 9.1	16 19 1	19 14 6	273 3 3	59 17 8
" Jan., 1940	2 2.2	19 7 7	21 6 9	276 8 9	60 12 6
" Apr., "	2 1.9	18 10 9	21 17 9	285 13 6	60 12 6
" May, "	2 2.2	18 12 8	21 17 9	301 18 7	60 12 6

/PART II.....

## PART II FINANCE AND TRADE.

BANK CLEARINGS. Latterly inter-bank clearings in Sydney have surpassed all previous levels.

The index number for June Quarter, 1940 rose to 115 (average 1926-30 = 100) compared with 101 and 106 one and two years previously. The amounts in June (£94.5m.) and in the half-year ended June (£528.4 m.) were 17.7 and 16.0 per cent., respectively greater in 1940 than in 1939.

Some important factors in the increase in bank clearings are big wool cheques and increased receipts for export commodities generally; heavy war expenditure (and consequent stimulation of industry and trade) and public subscription of funds (War Loan, interest-free loans, gifts, etc.) to the Commonwealth Government for war purposes.

### INTER-BANK CLEARINGS - SYDNEY.

	<u>Amount (a)</u>		<u>Index Numbers (b)</u>
	<u>Month of</u> <u>June.</u>	<u>Half-year</u> <u>ended June.</u>	<u>June Quarter.</u>
	£ million.		1926-30 = 100.
1929	84.8	528.3	104
1937	79.2	467.2	103
1938	86.8	471.1	106
1939	80.3	455.5	101
1940	94.5	528.4	115

(a) Excluding Treasury bill transactions. (b) The index is adjusted to eliminate the effects of bank amalgamations and special governmental transactions but not of changes in price levels.

STOCK EXCHANGE. During June, 1940 the share market was dominated by war developments and the fall in ordinary share prices in London (and in New York in the early part of the month). Share prices did not break sharply but declined about 8 per cent. between June 1 and 19, since when values have moved little, tending to firm slightly in the last few days. In a thin market securities generally were well held, but investors seeking to sell were obliged to meet a buyers' market. The Chairman of the Sydney Stock Exchange stated that "bear" selling had been inconsiderable, and although prices were then firming, announced on July 8 that in all Australian exchanges "bear" operations were prohibited until further notice.

In June, 1940 the index number of average value of ordinary company shares was 151 and 17 and 15 per cent. lower than in January, 1940 and June, 1939, respectively. Percentage decreases in average value in comparison with August, 1939 were 12.2 in manufacturing, 17.9 in retail trade, 17.3 in public utility, 6.8 in pastoral and finance, 11.7 in insurance and 13.2 for all company shares included in the index.

/INDEX.....



PART II (Continued)

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.  
(Excluding banks.) Par value = 100.

Average for Month.	Shares in Companies engaged in -					Total <u>75</u> Compan- ies.	34 Active Shares
	Manu- facturing & Distrib- uting.	Retail Trade.	Public Utili- ties.	Pastoral and Finance.	Insur- ance.		
1929-Apr.(a)	179	180	129	174	224	174	173
1931-Sept.(b)	72	60	88	75	121	74	77
1937-Mar.(c)	214	204	181	169	281	190	200
1939-June	215	176	163	114	259	177	135
-Aug.	213	168	156	118	264	174	182
1940-Jan.	229	174	152	132	270	182	195
-May	210	160	138	128	254	168	182
-June	187	138	129	110	233	151	160

(a) Pre-depression peak. (b) Lowest point. (c) Highest point.

REAL ESTATE. Considerations of sales of real estate registered in June, 1940 were £2,464,000. This was less than in June of any year since 1936. For the half year ended June total sales were 22 per cent. less in amount this year than in 1938. In June quarter, however, the aggregate was greater than in either of the precedings two quarters and only slightly (2.3%) less than in June quarter, 1939. Property values are inclined to harden.

CONSIDERATIONS OF SALES OF REAL ESTATE - NEW SOUTH WALES.

	<u>Mar. Qr.</u>	<u>June Qr.</u>	<u>Sept.Qr.</u>	<u>Dec.Qr.</u>
	£m.	£m.	£m.	£m.
1937	8.54	8.39	10.28	10.14
1938	8.95	9.66	10.24	8.58
1939	8.51	7.95	8.92	6.78
1940	6.87	7.76		

Business in city property (other than flats) has not revived, but the falling-off in transactions financed through building societies has been offset in part in suburban areas by increased demand for houses, flats and shop properties from investors, and a greater turnover of higher priced residences.

Mortgages registered in June, 1940 (£1,305,000) were below the total for any month since Feb., 1936, continuing the decline which synchronised with the diminishing activity of co-operative building societies and the falling-off in real estate transactions generally.

REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

	Month of June.		Half-year ended June.	
	Sales.	Mortgages.(a)	Sales.	Mortgages.(a)
	£000	£000	£000	£000
Aver. 1925-29 (b)	(4,619)	(4,042)	(27,714)	(24,252)
1937	2,879	1,842	16,929	10,982
1938	2,898	2,604	18,605	13,365
1939	2,613	1,658	16,458	11,452
1940	2,464	1,305	14,637	8,908

(a) Including normal renewal of mortgages in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.  
(b) Monthly and half-yearly averages.

/INTEREST.....

# PART II (Continued)

INTEREST RATES - MORTGAGES. Three monthly moving averages for each month of 1940 show a consistent decline in the weighted average rates of interest on private first mortgages registered in New South Wales. This movement accords with the trend of interest rates generally and reverses the pronounced hardening tendency of mortgage rates of interest during the latter half of 1939. On mortgages registered during June quarter, 1940 the weighted average rates were 0.5% lower for rural and 0.2% lower for urban first mortgages than in December quarter 1939:-

Three months ended -

Private First mortgages, N.S.W.	1939.	1940.					
	Oct.	Dec.	Jan.	Feb.	Mar.	Apr.	May. June
	Weighted average rate of interest. % p.a.						
Rural mortgages	5.3	5.5	5.5	5.4	5.4	5.2	5.0 5.0
Urban "	5.6	5.8	5.8	5.7	5.7	5.7	5.7 5.6

Prevailing rates of interest on mortgage loans are low relative to pre-depression years, but still are from one-quarter (for rural) to one-half (for urban) per cent. higher than at their lowest points in the middle months of 1935.

## AVERAGE RATES OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Average - Calendar Year.						June Quarter.	
	1934.	1935.	1936.	1937.	1938.	1939.	1939.	1940.
	Weighted average rate of interest - per cent. per ann.							
rural mortgages.	5.1	4.8	4.9	5.0	5.0	5.2	5.1	5.0
Urban "	5.3	5.2	5.2	5.3	5.4	5.6	5.6	5.6

INTEREST RATES - GOVERNMENT SECURITIES. On 15th June, 1940 after consultation with the Federal Treasurer the Committee of the Sydney Stock Exchange, in co-operation with other Australian Stock Exchanges established minimum prices for bonds below which trading would be prohibited. Minima were the closing prices on June 14, 1940. This action was taken, not because of any pronounced weakness of the bond market, but as a safeguard against possible unwarranted psychological reactions to war developments.

In the last few days prices of a number of issues have risen somewhat above the minima. The following comparisons show that the rise in net redemption yield on Government securities during the open market period when the Allies suffered heavy reverses was relatively unimportant (about 1s. per cent.). The Commonwealth £20 million War Loan at 2 $\frac{3}{4}$ % for five years and 3 $\frac{1}{4}$ % for 10-16 years was £550,000 over-subscribed between May 29 and June 8, 1940. Up to July 10, 1940 gifts totalling £367,000 and interest free loans amounting to £4,409,000 had been made to the Commonwealth Treasury. Sales of war savings certificates to that date were £8,722,000. Amounts for New South Wales were gifts, £177,800; interest free loans, £2,101,000 and war savings certificates, £3,398,000.

## NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	With maturities of -			
	Over 5 to 10 years.	Over 10 to 15 years.	Over 15 years.	Over 5 years. (Overall rate).
	Average net Redemption yield - Per cent. per ann.			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Aver. - 1935	3 9 7	3 10 1	3 13 9	3 11 1
- 1938	3 14 5	3 15 0	3 15 10	3 15 0
- Jan.-June, 1939	3 17 9	3 18 4	3 18 4	3 18 1
- Sept. 1939	4 1 0	4 1 1	4 1 9	4 1 3
May 9, 1940	3 4 7	3 5 4	3 8 4	3 6 1
June 13, "	3 5 6	3 8 0	3 8 5	3 7 2
July 4, "	3 5 9	3 8 1	3 8 7	3 7 4



# PART II (Continued)

OVERSEA TRADE-AUSTRALIA. In June, 1940, as in April and May the value of merchandise exported and imported was at a record level for the month, and 46.1 and 22.8 per cent., respectively, greater than in June, 1939.

Higher prices have helped to swell the value of exports, and the recently maintained high level is indicative of marked success in meeting the shipping problem; major products, other than wheat and fresh fruits appear to have moved in normal or increased volume. There was recently a heavy influx of imports, due to efforts to accumulate stocks and in part, to imports of war material (aircraft, etc.) but this has moderated. Restrictions upon imports from non-sterling countries imposed on December 1, 1939 and April 17, 1940 are now in effective operation and have been supplemented by a further schedule operative as from July 1, 1940. The combined effect is to cut off imports of a value of approximately £A 9 million a year. The course of oversea trade over the war period was:-

	Merchandise Exports. (£stg.m.)					Merchandise Imports (£stg.m.)						
	Sept.- Dec.	Mar. Qr.	Apr.	May	June	Sept.- June.	Sept.- Dec.	Mar. Qr.	Apr.	May	June	Sept.- June.
38-39	37.9	24.6	6.8	8.0	6.2	83.5	32.6	25.1	6.8	8.4	8.3	81.2
39-40	38.0	32.5	11.1	11.7	9.1	102.4	29.2	35.0	12.2	10.8	10.2	97.4

In the year ended June, 1940 exports (higher in value than in any recent year except 1936-37) were £stg.19.2 m. (19.8%) greater in value than in 1938-39 and imports (at a record level) increased by £stg.16.3m. (16.4%). There was a favourable balance on commodity account of £stg.610,000 compared with an import surplus of £stg.2,280,000 in 1938-39. Particulars of bullion and specie movements are not disclosed but apparently the total trade balance falls some £stg.8 m. short of the amount needed to meet fixed oversea obligations.

Future trading opportunities are circumscribed by recent enemy occupations. Trade with France is no longer possible, but for the present normal commercial relations with French Southern Pacific possessions are to continue. Difficulty may be experienced in maintaining exports and curtailment of imports, apparently, offers the only fruitful field for the accumulation of funds from external trade to finance purchases essential to the war effort.

## OVERSEA TRADE - AUSTRALIA - MERCHANDISE ONLY.

	Month of June.			Year ended June.				
	1938.	1939.	1940. /	1936.	1937.	1938.	1939.	1940. /
	Value in £stg. million.							
Merchandise -								
Exports	7.28	6.22	9.09	98.53	118.00	112.28	97.03	116.24
Imports	8.95	8.32	10.22	83.52	90.59	111.73	99.31	115.63
Commodity Balance	- 1.67	- 2.10	- 1.13	15.01	27.41	.55	- 2.28	.61

/ Preliminary. Minus sign (-) denotes excess of imports.

# PART III. INDUSTRIES.

## BUILDING INDUSTRY.

### Buildings Commenced - Metropolitan Water Board Area.

(Note: The figures cover all buildings (Gov't and private) for which water fees were paid in the periods shown.)

Building is still active, helped by non-recurrent military and other special projects; has decreased greatly in the city and increased slightly in the suburbs. Recent features are a sustained high level for houses, a revival of flat building and decreased building of business premises and miscellaneous buildings.

Dwelling houses commenced in June (and June Qr.) numbered 568 (1,720) in 1940 and 683 (1,785) in 1939.

Buildings completed in 1939-40 (£13.13 m.) exceeded the value in any other post-depression year.

In this area buildings commenced in June, 1940 were estimated to cost £917,000. The total was £138,000 less than in June, 1939 and  $17\frac{1}{2}$  per cent. below the average for the first five months of this year but it included no individual building exceeding £45,000 in value. Totals in recent months disclose no clear general trend. Although the value for the half year ended June, (£6.47m.) was greater this year than in 1939 (£6.34m.) and earlier years, it was so due to inclusion of military buildings and some large unusual projects (e.g. G.P.O. extension, hospitals), offsetting some decrease in private building activity. Quarterly comparisons, distinguishing city and suburban undertakings are:-

### VALUE OF BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

	City of Sydney.					Suburbs and Extra-Metropolitan				
	Mar. Qr.	June. Qr.	Sept. Qr.	Dec. Qr.	Year ended June	Mar. Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Year ended June
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
1937	428	507	1212	553	1558	1663	2097	2139	2596	7,696
1938	368	627	653	359	2760	2693	2621	2957	2264	10,049
1939	553	737	237	273	2302	2523	2532	2795	2257	10,276
1940	582	466			1558	2471	2947			10,470

Combined totals for the past three financial years - £12.81m. in 1937-38, £12.58m. in 1938-39 and £12.03m. in 1939-40 - show relative constancy; the decrease of about 5 per cent. from 1938-39 to 1939-40 was due entirely to diminished activity in the city.

In June, 1940 the amount committed for houses (£470,000) was a little below the average for recent months, and that for flats (£210,000) indicated continuance of the revival of this type of building, but totals for business premises (£184,000) and miscellaneous buildings (£53,000) declined and were  $37\frac{1}{2}$  and 63 per cent., respectively, below the monthly average for the first five months of this year.

Particulars of value in June of this and last year are:-

	Dwelling Houses.	Flats.	Business Premises.	Miscel- laneous.	Total.
	£000	£000	£000	£000	£000.
June, 1939	528	171	254	102	1055
1940	470	210	184	53	917

/Comparisons.....



## PART III (Continued.)

Comparisons for June quarter and the half-year ended June are appended. These show that for buildings commenced values for houses have been maintained; more money has been put into flats this year than in 1939 (though less than in 1938) but the building of business premises (factories, shops, warehouses, etc.) is decreasing. Totals for miscellaneous buildings (churches, halls, hospitals, etc.) are higher, but mainly so because of inclusion of two hospital buildings in May to cost £262,000.

VALUE OF BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.  
(Including Government buildings and alterations and additions.)

Type of Building.	June Quarter.			Half-year ended June.				
	1938.	1939.	1940.	1936.	1937.	1938.	1939.	1940.
	Value in Thousands of pounds.							
Selling Houses	1550	1423	1452	1887	1795	2853	2905	2905
Flats	697	476	634	886	840	1379	981	1136
Business Premises (a)	769	1048	720	1531	1566	1729	1860	1657½
Miscellaneous (b)	232	322	607x	285	494	348	599	768x
Total	3248	3269	3413	4589	4695	6309	6345	6466

(a) Shops, factories, offices, warehouses, etc.

(b) Theatres, hospitals, churches, schools, etc.

½ Including G.P.O. extension, £411,000.

x " hospitals (2), £262,000.

WELLINGS. The number of dwelling houses (not flats) commenced in this Area in June, 1940 was 568 compared with 683 in June, 1939 and 657 in June, 1938. The average value per dwelling house was approximately 7 per cent. greater than in June, 1939. This reflects, not only an increase in the cost of building, but an increase in the number of the more expensive type of houses, offset only in part by the building of a number of low-priced houses under the Government scheme of assistance to persons in the lower wage category. (Advances to 238 such persons were approved in April and May, 1940.) Lending by Co-operative building societies, which was an influential factor in the high level of building activity in 1938-39, has decreased greatly owing to inability of societies to obtain further finance. It seems doubtful if the present level of house-building will be maintained.

In the ten months of the war 5,740 dwelling houses were commenced, compared with 6,140 in the corresponding period of 1938-39. Other comparisons illustrating the trend of house-building in this area are:-

NUMBER OF DWELLING HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.  
(Not including flats.)

	Month of June.	Mar. Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Half year ended June.	Year ended June.
1936	444	1273	1251	1668	1195	2524	4,714
1937	369	1152	1212	1618	1592	2364	5,227
1938	657	1627	1857	2120	1853	3484	6,694
1939	683	1859	1785	2034	1663	3644	7,617
1940	568	1740	1720	-	-	3460	7,157

Buildings Completed. Returns furnished by the Metropolitan Water Board show that buildings valued at £13,131,000 were completed in the year ended June, 1940. This was the highest year's total of the post-depression period and £539,000 greater than for the year ended June, 1939. The following statement indicates a significant increase in building activity during 1939-40 in the northern suburbs. The increase in value in extra-metropolitan areas was principally in Hornsby, Warringah and Sutherland Shires.

# BUILDINGS COMPLETED - METROPOLITAN WATER BOARD AREA.

	Year ended June.		
	1938.	1939.	1940.
	£000	£000	£000
City and Inner Industrial Suburbs	3,186	3,597	3,529
Western and Southern Suburbs	2,692	3,385	3,362
Northern Suburbs	1,961	2,472	2,773
Eastern Suburbs	1,772	1,754	1,786
Extra-metropolitan Areas.	1,037	1,384	1,681
Total	10,648	12,592	13,131

OAL. After the ten weeks stoppage, collieries reopened on May 20, 1940 and large quantities of coal began moving over the railways in the last week in May. The management committee of the Northern Miners' Federation issued a statement endorsing fully the decision of the Federal A.L.P. to co-operate in the war effort to all lengths short of formation of a National Government. It is expected, therefore, that war and essential civil industries will not suffer again a coal shortage.

Efforts are being made to replenish and increase coal stocks and employment in collieries is likely to be increased.

The oil shale works at Glen Davis are being developed rapidly. Shale is being won and over 900,000 gallons of crude oil were in store awaiting refining and 600 men were engaged at the plant early in July.

Particulars of employment in collieries in April and May, 1940 (shown below) are nominal, and include miners idle owing to the industrial dispute from March 11 to May 17.

Information as to coal shipped oversea and interstate is not now made public.

## COAL MINING INDUSTRY - NEW SOUTH WALES.

	Coal Hauled on Government Railways.		Coal Raised. (a)	Men Employed in Collieries. (b)	
	May.	Jan.-May.	Calendar Year.	April.	May.
	000 tons.	000 tons.	000 tons.	No.	No.
1928	572	2,571	9,448	21,700(c)	21,700(c)
1937	580	2,896	10,052	14,200	14,000
1938	712	3,188	9,571	15,500	15,200
1939	758	3,451	11,196	16,500	16,400
1940	367	1,733	-	(16,500)	(16,500)

(a) Average, 1923-27: 11,100,000 tons. (b) Average, 1927: 24,500.

(c) Yearly average.

IRON AND STEEL. Both the Newcastle and Port Kembla works were virtually out of production until supplies of coal became available again in the last week in May after resumption of work in the collieries. The works are now employed to capacity, assuring the supply of essential basic material for war industries here and in New Zealand. The index numbers for April and May are significant only of the interruption in production due to the coal stoppage.

/INDEXES.....



## PART III (Continued.)

## INDEXES OF PRODUCTION OF IRON AND STEEL, NEW SOUTH WALES.

	Monthly Average.		1939	1940			
	1937-38.	1938-39.	May.	Feb.	Mar.	Apr.	May.
	Index Numbers, 1928-29 = 100.						
Pig Iron	202	240	286	295	221	95	104
Ingot Steel	268	270	308	354	279	60	84

RAILWAYS, N.S.W. From March to May, 1940 railway operation and financial results were affected by the shortage of coal and decreased traffic due to an industrial dispute in collieries which ended on May 17. The effects may be seen in a comparison of particulars for the three months ended May of this and last year:-

<u>Three Months ended May -</u>	<u>Gross Revenue.</u>	<u>Working Surplus.</u>	<u>Net Goods Ton Mileage.</u>	<u>Passengers.</u>
	£000	£000	million.	million.
1939	4,970	1,548	486	45.42
1940	4,288	748	392	44.67

Normal services were resumed in June and the marked improvement in results in the first eight months of the financial year is likely to recur as a result of general economic stimulation arising out of the prosecution of the war. Notwithstanding the reverse shown above the working surplus for the eleven months ended May was £497,000 greater in 1939-40 than in 1938-39. The bountiful rural season and an increase of 10 per cent. in fares and certain rates of freight from March 1, 1939 were factors increasing the earning capacity of the railways.

## NEW SOUTH WALES GOVERNMENT RAILWAYS.

	Month of May.			Eleven Months ended May.		
	Passenger Journeys.	Goods Ton Mileage.	Working Surplus. ♂	Passengers.	Goods Ton Mileage.	Working Surplus. ♂
	Million.	Million.	£000.	Million.	Million.	£000
1932	11.6	99	79	117.2	1382	2685
1937	16.2	158	531	163.2	1660	5599
1938	16.8	173	525	173.6	1781	5963
1939	15.6	176	622	171.9	1684	4832
1940	14.3	100	141	163.6	1733	5329

♂ Excess of earnings over working expenses, exclusive of interest, etc. charges, amounting in 1938-39 to £6,575,000.

ROAD TRANSPORT SERVICES. Government trams and buses lost revenue in May, 1940 owing to curtailment of tram services during the coal strike. Partial substitution of omnibuses on tram routes enabled passenger traffic to be handled with economy and as a result the excess of earnings over working expenses was greater than in May of 1939 or 1938.

As fares have not been increased, improvement in the financial results of these services is dependent upon an increase in traffic and/or economies in operation. Gross revenue has increased steadily with an increase in the number of passengers carried, and the services operated more profitably in 1939-40 than in 1938-39. Increased costs of working due to higher wages and dearer materials account for the decreased working surplus in comparison with two years ago.

## PART III (Continued.)

## GOVERNMENT TRAMWAY AND OMNIBUS SERVICES - SYDNEY AND NEWCASTLE.

	Month of May.				Eleven months ended May.			
	Earn-ings.	Working Expenses.	Working Surplus.✓	Passen-gers.	Earn-ings.	Working Expenses.	Working Surplus.✓	Passen-gers.
	£000	£000	£000	mill.	£000	£000	£000	mill.
1938	361.6	316.9	44.7	31.5	3953	3228	726	341
1939	380.0	314.3	65.7	32.6	4022	3388	634	344
1940	370.3	300.8	69.5	31.5	4110	3434	676	348

✓ Excess of earnings over working expenses, exclusive of interest, sinking fund, depreciation and exchange, amounting in 1938-39 to £646,000.